Confidential



G.C.E. (O/L) Examination - 2020

# 60 - Business & Accounting Studies

## Marking Scheme

This document has been prepared for the use of Marking Examiners. Some changes would be made according to the views presented at the Chief Examiners' meeting.

**Amendments to be included**

Department of Examinations - Sri Lanka
National Evaluation & Testing Service

# G.C.E. (O/L) Examination - 2020
## 60 - Bussiness & Acounting Studies

| | | |
|---|---|---|
| Paper I | 01 x 40 marks | **40 marks** |
| Paper II | Question number 01 is compulsory | **20 marks** |

**Part I - Business Studies**

| | | |
|---|---|---|
| Question no. 02 | 08 marks | For any 02 Questions |
| Question no. 03 | 08 marks | 2 x 8 = 16 marks |
| Question no. 04 | 08 marks | |

**Part II - Accounting**

| | | |
|---|---|---|
| Question no. 05 | 12 marks | For any 02 Questions |
| Question no. 06 | 12 marks | 2 x 12 = 24 marks |
| Question no. 07 | 12 marks | |

**Total Marks** **60**

**Calculating final marks**

| | | |
|---|---|---|
| **Total Marks for Paper I** | **=** | **40** |
| **Total Marks for Paper II** | **=** | **60** |
| **Final Marks** | **=** | **100** |

# G.C.E. (O/L) Examination - 2020

## Common techniques of marking answer scripts.

It is compulsory to adhere to the following standard method in marking answer scripts and entering marks into the mark sheets.

1. All assistant examiners must use a red colour ball point pen for marking answer scripts.
2. Chief Examiner must use a mauve color pen.
3. Note down Examiner's Code Number and initials on the front page of each answer script. The digits must be written clearly when marks are indicated.
4. Write off any numerals written wrong with a clear single line and authenticate the alterations with Examiner's signature.
5. Write down marks of each subsection of each question in a △ as a rational number and write down the final marks of each question as a rational number in a □ Use the column assigned for examiners to write down marks.
6. The arithmetic checker (EMF) must use a a blue or black pen to indicate the checking.

**Example:** **Question No. 03**

(i) ........................................................ √ 4/5
........................................................
........................................................

(ii) ........................................................ √ 3/5
........................................................
........................................................

(iii) ........................................................ √ 3/5
........................................................
........................................................

03 **Total** → 10/15

**MCQ answer scripts:**

01. Preparation of Templates

(i) Mark the correct options on the template according to the Marking Scheme.

(ii) Cut off the marked windows with a blade.

(iii) Cut off the cages for Index Number and the number of correct options so as to be able to place the template correctly on the answer script.

(iv) Cut off a blank space to the right of each options column to mark right or wrong.

(v) Get the approval for the prepared template from the Chief Examiner.

02. **Then, check the answer scripts carefully. If there are more than one or no answers marked to a certain question write off the options with a line. Sometimes candidates may have erased an option marked previously and selected another option. In such occasions, if the erasure is not clear write off those options too.**

03. Place the template on the answer script correctly. Mark the right answers with a 'V' and the wrong answers with a 'X'. Write down the number of correct answers inside the cage given

under each column. Then, add those numbers and write the number of correct answers in the relevant cage. Write the converted mark in the relevant cage in the occasions where marks have to be converted.

**Structured essay type and essay type answer scripts:**

1. Cross off any pages left blank by candidates. Underline wrong or unsuitable answers and mark them as wrong. Show areas where marks can be offered with check marks.

2. Use the right margin of the overland paper to write down the marks.

3. Write down the marks given for each question against the question number in the relevant cage on the front page in two digits. Selection of questions should be in accordance with the instructions given in the question paper. Mark all answers and transfer the marks to the front page. Write off answers with lower marks if extra questions have been answered against instructions.

4. Add the total carefully and write it in the relevant cage on the front page. Turn pages of answer script and add all the marks given for all answers again. Check whether that total tallies with the total marks written on the front page.

**Preparation of Mark Sheets.**

I. Except for the subjects with a single question paper, final marks of papers will not be calculated within the evaluation board.
II. The Final mark relavant to each paper must be entered to the mark sheets separately.
III. Enter marks of paper I in ''Total Marks'' column of the mark sheet and write them in words as well.
IV. When the mark sheet of paper II is prepared, the final mark should be written in "Total marks" column after entering detailed marks.
V. For the subject 43 Art, Paper I, paper II and Paper III Marks should be entered numerically in the separate mark sheets and should also be written in words.
VI. For subjects 21 - Sinhala language and literature and 22 - Tamil Language and literature, paper I marks once entered numerically should be written in words. Use separate mark sheets for the papers II and III and enter the total marks in the ''Total marks column'' after entering the relevant detailed marks.

**Note**

**I. Final marks for paper I, paper II or paper III should always be entered to the mark sheet as a whole number. They should never be kept as decimals or half values.**

**II. The examiner who entered marks, the examiner who checked marks, the EMF and the chief examiner must certify the accuracy in all page of the mark sheets with their code numbers and signature**.

***

# 60 - Business & Accounting Studies

## Marking Scheme
## Final Marks

- Paper I 40
- Paper II
    - Question No. 01 20
    - Part I question (02 x 08) 16
    - Part II question (02 x 12) 24

Total Marks **100**

**Question No**

01.

i. 02 marks

ii. 02 marks

iii. 02 marks

iv. 02 marks

v. 02 marks

vi. 02 marks

vii. 02 marks

viii. 02 marks

ix. 02 marks

x. 02 marks

**Total 20 marks**

Question No.03 (i) $\frac{4}{5}$ + (ii) $\frac{4}{5}$ + (iii) $\frac{4}{5}$ = $\frac{10}{15}$

## Part I

| | | |
|---|---|---|
| 02. | (i) | 02 marks |
| | (ii) | 02 marks |
| | (iii) | 02 marks |
| | (iv) | 02 marks |

**Total 08 marks**

| | | |
|---|---|---|
| 03. | (i) | 02 marks |
| | (ii) | 02 marks |
| | (iii) | 02 marks |
| | (iv) | 02 marks |

**Total 08 marks**

| | | |
|---|---|---|
| 04. | (i) | 02 marks |
| | (ii) | 02 marks |
| | (iii) | 02 marks |
| | (iv) | 02 marks |

**Total 08 marks**

## Part II Accounting

| | | |
|---|---|---|
| 05. | (i) | 02 marks |
| | (ii) | 02 marks |
| | (iii) | 04 marks |
| | (iv) | 04 marks |

**Total 12 marks**

| | | |
|---|---|---|
| 06. | | |
| | (ii) | 02 marks |
| | (iii) | 04 marks |
| | (iv) | 04 marks |

**Total 12 marks**

| | | |
|---|---|---|
| 07. | (i) | 02 marks |
| | (ii) | 02 marks |
| | (iii) | 04 marks |
| | (iv) | 04 marks |

**Total 12 marks**

**60 | E | I, II**

අධ්‍යයන පොදු සහතික පත්‍ර (සාමාන්‍ය පෙළ) විභාගය, 2020
கல்விப் பொதுத் தராதரப் பத்திர (சாதாரண தர)ப் பரீட்சை, 2020
**General Certificate of Education (Ord. Level) Examination, 2020**

ව්‍යාපාර හා ගිණුම්කරණ අධ්‍යයනය I, II
வணிகக் கல்வியும் கணக்கீடும் I, II
**Business and Accounting Studies I, II**

*පැය තුනයි*
*மூன்று மணித்தியாலம்*
***Three hours***

අමතර කියවීම් කාලය - මිනිත්තු 10 යි
மேலதிக வாசிப்பு நேரம் - 10 நிமிடங்கள்
**Additional Reading Time - 10 minutes**

**Use additional reading time to go through the question paper, select the questions and decide on the questions that you give priority in answering.**

## Business and Accounting Studies I

**Note :**

(i) *Answer all questions.*

(ii) *In each of the questions* **1** *to* **40**, *pick one of the alternatives* (1), (2), (3), (4) *which is correct or most appropriate.*

(iii) *Mark a cross* (X) *on the number corresponding to your choice in the answer sheet provided.*

(iv) *Further instructions are given on the back of the answer sheet. Follow them carefully.*

● Answer the questions No. **1** to **5** using the following case.

Students of Girikula Maha Vidyalaya prefer rice porridge prepared by the School Old Students' Association, School Co-operative Society and academic and non-academic staff collectively using the rice donated by Daham Sekara, the owner of 'Tissa Rice Mill'.

**1.** What is the human need satisfied by the Girikula Maha Vidyalaya?
(1) Food (2) Education (3) Health (4) Security

**2.** An example for the external environmental factor of Girikula Maha Vidyalaya is
(1) academic staff. (2) non-academic staff.
(3) 'Tissa Rice Mill' business. (4) students of the school.

**3.** A public sector business organization included in the above case is
(1) 'Tissa Rice Mill' business. (2) Old Students' Association.
(3) School Co-operative Society. (4) Girikula Maha Vidyalaya.

**4.** What is the production factor that rice used to prepare rice porridge in the above case belongs to?
(1) Land (2) Labour (3) Capital (4) Entrepreneurship

**5.** Select the correct statement related to the 'Tissa Rice Mill' business in the above case.
(1) Registration of the name of this business is compulsory.
(2) The liability of Daham Sekara in this business is limited.
(3) There is a legal entity to this business.
(4) This business is a not for profit business.

**6.** A commodity manufacturing business is
(1) Lanka Sugar Company (pvt) Limited.
(2) Co-operative Wholesale Establishment.
(3) Sri Lankan Airlines.
(4) Central Bank of Sri Lanka.

[see page two

**7.** A democratic control and volunteer and open membership are characteristics of a business organization. An example for this kind of business organization is
(1) Gunawardane and Sons.
(2) Maharagama Multipurpose Co-operative Society Limited.
(3) Ceylon Petroleum Co-operation.
(4) Sri Lanka Telecome PLC.

**8.** Following are few incidents.
A : Ruwan gets his hair cut from the 'Modern Saloon'.
B : Sapumal imports a motor vehicle from Japan for his own use.
C : 'Sumudu Flower Traders' purchases two fresh flower baskets.
D : Saman sells 50 kg of paddy from his harvest to a rice mill owner.
Out of the above incidents, whole sale trades are,
(1) A and B. (2) A and C. (3) B and D. (4) C and D.

- Answer the questions No. **9** and **10** using the following case.

Kasun received a cheque of Bank of Ceylon of Rs. 18 000 from Aruna. It was crossed as 'Not negotiable'. Kasun deposited that cheque in his current account in the People's Bank.

**9.** The cheque received from Aruna is,
(1) a special crossing cheque.
(2) a general crossing cheque.
(3) a cheque that cannot be endorsed.
(4) a cheque that can be cashed from the bank counter.

**10.** In the cheque mentioned in the above case,
(1) while payee is Kasun, drawee is People's Bank.
(2) while drawer is Aruna, payee is People's Bank.
(3) while drawee is Bank of Ceylon, payee is Kasun.
(4) while drawer is Kasun, drawee is Bank of Ceylon.

**11.** Amal received a compensation of Rs. 300 000 due to a fire occurred in a part of his business building which was insured at Rs. 1 000 000. The principle of insurance relevant to having only a Rs. 300 000 as compensation is
(1) Insurable interest. (2) Utmost good faith.
(3) Indemnity. (4) Subrogation.

**12.** Communication modes and examples for communication modes are given in columns X and Y respectively.

| X | Y |
|---|---|
| 1. Verbal | A - Ringing the school bell |
| 2. Written | B - Conducting a prefects' meeting |
| 3. Electronic written | C - Posting calling letters for parents' meeting |
| 4. Signs and Symbols | D - Sending a fax message to the Zonal Education Office |

Select the answer when the above communication modes are matched with examples respectively.
(1) B, C, A, D (2) B, C, D, A (3) C, D, A, B (4) C, D, B, A

**13.** 'Renovating the Jaffna International Airport in an attractive way'
The element of transportation implied by this statement is
(1) Way. (2) Mode. (3) Power. (4) Terminal.

**14.** "Ayura Suwa Medura decided to produce an immunity boosting drink."
Select the answer that shows the management function and variable of marketing mix implied from this statement respectively.
(1) Planning and Promotion (2) Organizing and Price
(3) Planning and Product (4) Organizing and Product

**15.** The source of investment received dividend income is
(1) purchasing ordinary shares. (2) opening a fixed deposit.
(3) depositing money in a savings account. (4) purchasing jewellery.

**16.** Select the **incorrect** statement regarding investments.
(1) Capital gains can be earned by investing in lands.
(2) Treasury bills are issued to fulfill the long term financial requirements of the government.
(3) An investor becomes an owner of a company by purchasing ordinary shares of it.
(4) Colombo Stock Exchange is monitored by Securities and Exchange Commission of Sri Lanka.

**17.** The type of account that applicable the double entry principle of increase debit and decrease credit is
(1) asset accounts. (2) liability accounts.
(3) equity accounts. (4) income accounts.

- Answer the questions No. **18** to **20** using the following information.

The accounting equation of Ravi's business as at 01st November 2020 is as follows;

| Assets (Rs.) | = | Equity (Rs.) | + | Liabilities (Rs.) |
|---|---|---|---|---|
| 50 000 | | 35 000 | | 15 000 |

Following are some transactions occurred during the first week of November 2020 of this business.

A - Purchasing a stock of goods of Rs. 10 000 on credit
B - Purchasing a stock of goods of Rs. 5 000 in cash
C - Paying a creditor of Rs. 7 000
D - Selling a stock of goods for Rs. 7 000 in cash which was purchased at Rs. 5 000

**18.** What is the amount of the liabilities of this business after the above transactions?
(1) Rs. 10 000 (2) Rs. 15 000 (3) Rs. 18 000 (4) Rs. 25 000

**19.** What is the transaction that does **not** change the value of total assets of the business as at 01.11.2020?
(1) A (2) B (3) C (4) D

**20.** The equity of the business at the end of the first week of November 2020
(1) increases by Rs. 2 000. (2) increases by Rs. 7 000.
(3) decreases by Rs. 2 000. (4) decreases by Rs. 5 000.

**21.** Following is the credit entry of a transaction occurred in a business.

| | | |
|---|---|---|
| Cash account | Cr. | Rs. 4 500 |
| Discounts received account | Cr. | Rs. 500 |

What is this transaction?
(1) Purchases of goods of Rs. 5 000 in cash by deducting Rs. 500 discount
(2) Purchasing goods of Rs. 5 000 on credit by deducting Rs. 500 discount
(3) Paying a creditor of Rs. 5 000 subject to 10% discount
(4) Receiving a debtor of Rs. 5 000 subject to 10% discount

**22.** Select the answer that shows the source document and the prime entry book used to record purchasing of five sewing machines at Rs. 500 000 in cash to a garment business respectively.
(1) Purchases invoice, Purchases journal (2) Payment voucher, Cash book
(3) Payment voucher, Purchases journal (4) Journal voucher, General journal

[see page four

**23.** What is the transaction recorded in General Journal of a textile business?
(1) Purchasing a stock of goods of Rs. 50 000 on credit
(2) Paying a creditor of Rs. 10 000
(3) Paying the electricity bill of owner's house of Rs. 2 000 from the money of the business
(4) Purchasing a photocopy machine of Rs. 80 000 on credit

**24.** Petty cash expenses of a business for the month of December 2020 is Rs. 1 900. The balance of the petty cash book at the end of December is Rs. 100. It was decided to increase the petty cash imprest by Rs. 1 000 from January of 2021. What is the amount of petty cash re-imbursement as at 01.01.2021?
(1) Rs. 1 000 (2) Rs. 1 900 (3) Rs. 2 900 (4) Rs. 3 000

**25.** What is the transaction that was not recorded in the bank account of the business but included in the bank statement?
(1) An amount of Rs. 50 000 was deposited in the bank account.
(2) Rs. 5 000 dividend income was directly received to the bank.
(3) Issued cheque of Rs. 15 000 was paid by the bank.
(4) Deposited cheque of Rs. 20 000 was credited to the account by the bank.

**26.** The favorable balance of the bank statement as at 01st December 2020 is Rs. 20 000. Following are the transactions recorded by the bank during the month.

| | | |
|---|---|---|
| 05/12 | Cheques deposited | Rs. 5 000 |
| 09/12 | Payments of standing orders | Rs. 8 000 |
| 15/12 | Payments for the cheques issued to bank | Rs. 12 000 |
| 25/12 | Debtors' remittances | Rs. 10 000 |

What is the balance of the bank statement as at 31st December 2020?
(1) Rs. 13 000 (2) Rs. 15 000 (3) Rs. 22 000 (4) Rs. 25 000

**27.** A trade business purchased 50 packets of milk powder at Rs. 400 each, on credit subject to a 10% trade discount. If money is paid before a month, a 5% discount will be granted. What is the amount recorded in the purchases journal?
(1) Rs. 17 100 (2) Rs. 18 000 (3) Rs. 19 000 (4) Rs. 20 000

**28.** What is the accounting error made a difference in the totaling of the debit and credit columns of the trial balance?
(1) Discounts allowed Rs. 500 was credited to the discounts received account and debited to the relevant debtors' account.
(2) A purchases invoice of Rs. 12 000 was completely omitted from the accounts.
(3) Rent received Rs. 2 500 was recorded correctly in the cash account and debited to the rent account.
(4) Stock of Rs. 20 000 purchased on credit was debited to the equipment account and credited to the creditors' account.

**29.** Following is a journal entry recorded in the General journal of a business to rectify an error.

| | Dr. (Rs.) | Cr. (Rs.) |
|---|---|---|
| Suspense account (Dr.) | 2 000 | |
| Discount received account | | 2 000 |

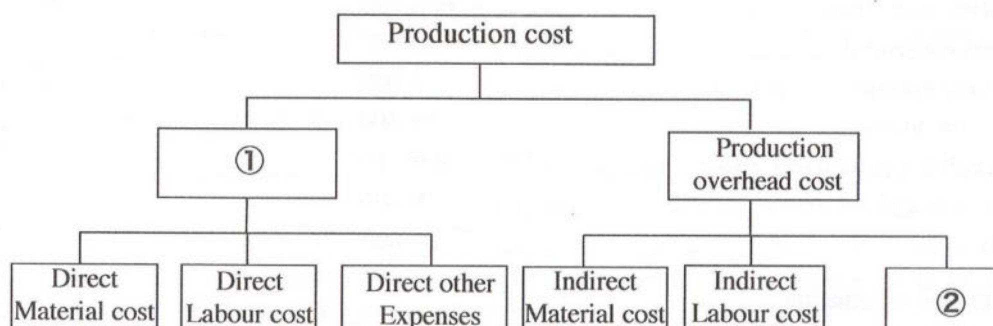
The accounting error occurred is that
(1) discounts allowed of Rs. 2 000 was debited to discounts received account.
(2) the total of the credit side of the discounts received account was understated by Rs. 2 000.
(3) the balance of discounts received account Rs. 2 000 was not extracted to the trial balance.
(4) a discount received of Rs. 2 000 in paying a creditor was not recorded in books.

**30.** The balance of the receipts and payments account of Sucharitha Society as at 31st December 2020 was Rs. 15 000. But the treasurer of the society says that he has a cash balance of Rs. 16 500 in hand on that day. The reason for this difference is that

(1) the income of Rs. 1 500 earned from selling old news papers was not received in cash till 31st December.
(2) paid labour charges of Rs. 1 500 was not recorded till 31st of December.
(3) the telephone bill of Rs. 1 500 was not recorded or paid till 31st of December.
(4) the received membership fee in cash of Rs. 1 500 was not recorded till 31st of December.

- Answer questions No. **31** and **32** using the following information.

Following is a diagram of elements of production cost.




Following are some cost items of the Moratu furnitures manufacturing business.

A - Cost of timber Rs. 40 000
B - Depreciation of machines Rs. 5 000
C - Cost of sands papers and polish Rs. 2 000
D - Wages of carpenter Rs. 30 000
E - Electricity expenses Rs. 2 000

**31.** The cost items of Moratu furniture manufacturing business relevant to the place of number ① in the above diagram are

(1) A and C. (2) A and D. (3) B and D (4) C and D.

**32.** What is the cost of Morartu furniture manufacturing business relevant to the place of number ② in the above diagram?

(1) Rs. 2 000 (2) Rs. 5 000 (3) Rs. 7 000 (4) Rs. 9 000

- Answer questions No. **33** and **34** using the following information.

The building of Sumudu's business purchased on 01.01.2019 at cost of Rs. 950 000 was rented out for Rs. 20 000 per month on 01.07.2020 and received a rent of Rs. 100 000 for the year ended 31.12.2020. The estimated effective life time of the building is 10 years and scrap value is Rs. 50 000. The buildings of the business are depreciated on straight line basis.

**33.** Select the answer that shows the depreciation of buildings for the year ended 31.12.2020.

(1) Rs. 45 000 (2) Rs. 90 000 (3) Rs. 95 000 (4) Rs. 180 000

**34.** Select the correct statement regarding the above information.

(1) The rent to be paid as at 31.12.2020 is Rs. 20 000.
(2) The rent to be received as at 31.12.2020 is Rs. 120 000.
(3) The rent to be received as at 31.12.2020 is Rs. 20 000.
(4) The rent income for the year ended 31.12.2020 is Rs. 100 000.

- Answer questions No. **35** to **40** using the following information.

Following are some balances extracted from the trial balance of Samadhi's business as at 31.12.2020.

| | Rs. |
|---|---|
| Sales | 600 000 |
| Purchases | 350 000 |
| Carriage inwards | 1 000 |
| Furniture (at cost) | 50 000 |
| Stock (as at 01.01.2020) | 20 000 |
| Debtors | 35 000 |
| Electricity charges | 15 000 |
| 10% bank loan | 600 000 |
| Advertisement | 32 000 |
| Cash balance | 7 000 |
| Other income | 16 500 |
| Capital (as at 01.01.2020) | 400 000 |
| Wages and salaries | 75 000 |
| Drawings | 15 000 |

Additional information:

1. Cost of stock as at 31.12.2020 is Rs. 50 000.
2. Accrued wages and salaries as at 31.12.2020 is Rs. 15 000.
3. Furniture are depreciated annually at 10% on straight line basis.

**35.** The cost of goods to be sold of the Samadhi's business for the year ended 31.12.2020 is
(1) Rs. 321 000. (2) Rs. 351 000. (3) Rs. 370 000. (4) Rs. 371 000.

**36.** The gross profit of the Samadhi's business for the year ended 31.12.2020 is
(1) Rs. 279 000. (2) Rs. 280 000. (3) Rs. 320 000. (4) Rs. 321 000.

**37.** The total income of the Samadhi's business for the year ended 31.12.2020 is
(1) Rs. 295 500. (2) Rs. 600 000. (3) Rs. 601 500. (4) Rs. 616 500.

**38.** Select the answer that shows the amounts of distribution expenses, administration expenses and finance expenses of Samadhi's business for the year ended 31.12.2020 respectively.
(1) Rs. 33 000, Rs. 95 000, Rs. 60 000
(2) Rs. 32 000, Rs.110 000, Rs.660 000
(3) Rs. 32 000, Rs.110 000, Rs. 60 000
(4) Rs.110 000, Rs. 32 000, Rs.660 000

**39.** The amount of total current liabilities of Samadhi's business as at 31.12.2020 is
(1) Rs. 15 000. (2) Rs. 60 000. (3) Rs. 75 000. (4) Rs. 675 000.

**40.** The amount of total current assets of Samadhi's business as at 31.12.2020 is
(1) Rs. 45 000. (2) Rs. 50 000. (3) Rs. 92 000. (4) Rs. 142 000.

* *

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව
இலங்கைப் பரீட்சைத் திணைக்களம்

රහස්‍යයි

# අ.පො.ස. (සා.පෙළ) විභාගය - 2020
# க.பொ.த. (சா.தர)ப் பரீட்சை - 2020

විෂය අංකය / பாட இலக்கம்: **60** විෂයය / பாடம்: **Business and Accounting Studies**

## I පත්‍රය - පිළිතුරු
## I பத்திரம் - விடைகள்

| ප්‍රශ්න අංකය வினா இல. | පිළිතුරෙහි අංකය விடை இல. | ප්‍රශ්න අංකය வினா இல. | පිළිතුරෙහි අංකය விடை இல. | ප්‍රශ්න අංකය வினா இல. | පිළිතුරෙහි අංකය விடை இல. | ප්‍රශ්න අංකය வினா இல. | පිළිතුරෙහි අංකය விடை இல. |
|---|---|---|---|---|---|---|---|
| 01. | 2 | 11. | 3 | 21. | 3 | 31. | 2 |
| 02. | 3 | 12. | 2 | 22. | 2 | 32. | 3 |
| 03. | 4 | 13. | 4 | 23. | 4 | 33. | 2 |
| 04. | 3 | 14. | 3 | 24. | 3 | 34. | 3 |
| 05. | 1 | 15. | 1 | 25. | 2 | 35. | 4 |
| 06. | 1 | 16. | 2 | 26. | 2 | 36. | 1 |
| 07. | 2 | 17. | 1 | 27. | 2 | 37. | 4 |
| 08. | 4 | 18. | 3 | 28. | 3 | 38. | 3 |
| 09. | 2 | | | | 2 | | 3 |
| 10. | 3 | 20. | 1 | 30. | 4 | 40. | 3 |

විශේෂ උපදෙස් / விசேட அறிவுறுத்தல் } එක් පිළිතුරකට ලකුණු / ஒரு சரியான விடைக்கு **01** බැගින් / புள்ளி வீதம்

මුළු ලකුණු / மொத்தப் புள்ளிகள் **01 × 40 = 40**

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පහත නිදසුනෙහි දැක්වෙන පරිදි බහුවරණ උත්තරපත්‍රයේ අවසාන තීරුවේ ලකුණු ඇතුළත් කරන්න.
கீழ் குறிப்பிடப்பட்டிருக்கும் உதாரணத்திற்கு அமைய பல்தேர்வு வினாக்களுக்குரிய புள்ளிகளை பல்தேர்வு வினாப்பத்திரத்தின் இறுதியில் பதிக.

නිවැරදි පිළිතුරු සංඛ්‍යාව / சரியான விடைகளின் தொகை: **25 / 40**

I පත්‍රයේ මුළු ලකුණු / பத்திரம் I இன் மொத்தப்புள்ளி: **25 / 40**

# Business & Accounting Studies – II

**1.** Using the following case, answer the questions No. (i) to (x).

Siri, a graduate of Environmental Management decided to produce lunch boxes using fallen arecanut leaf sheaths of his father's large arecanut estate. He started a business with his sister Lakmini as 'Sirilak Products' on 01st March 2020 to produce lunch boxes by collecting, cleaning, drying and processing the fallen arecanut leaf sheaths in the arecanut estate and recruited required employees. The business was started by employing Rs. 50 000 each from Siri and Lakmini and the small lorry of Rs. 300 000 belongs to Siri was employed to the business on the same day.

Following are the transactions related to production of lunch boxes for the month of March 2020.

- Purchases of processing, fixing and detergent materials of lunch boxes in cash ...... Rs. 18 000
- Paying monthly wages of lunch box maker ........................................... Rs. 20 000
- Electricity bill for the month of March (not paid as at 31st March).................... Rs. 4 000
- Cost paid for moulds of lunch boxes ........................................................ Rs. 30 000
- Moulds of lunch boxes should be depreciated monthly by Rs. 1 000.

Following are the transactions related to distribution of products for the month of March 2020.

- Paying driver's wages ........................................................................Rs. 30 000
- Paying fuel and maintenance expenses of lorry ..........................................Rs. 20 000
- Distribution lorry should be depreciated by 20% annually.

Lunch boxes are distributed to Supermarkets on credit basis. During the month of March, 600 lunch boxes were produced and all were distributed at Rs. 200 each subject to 10% trade discount.

The remaining stock of processing, fixing and detergent materials of lunch boxes as at 31st March 2020 is Rs. 7 000.

The demand for Sirilak products is increasing with the decision of the government to prohibit polythene and plastic lunch boxes.

(i) (a) What is the basic human need satisfied by the 'Sirilak Products' business?

(b) State how 'Sirilak Products' business fulfils the basic human need you mentioned in above (i) (a).

(ii) Write an example for the following production factors related to the lunch boxes produced by 'Sirilak Products' business. (To provide the answers, use a table similar to one given below.)

| Production Factor | Example |
|---|---|
| 1. Land | |
| 2. Capital | |

(iii) (a) Write a strength and an opportunity of 'Sirilak Products' business.
(b) Write **two** examples for private sector businesses included in the above case.

(iv) Using the 'Sirilak Products' business,
(a) write an example for each 'product' and 'price' which are the variables of marketing mix.
(b) write an example for each 'planning' and 'organizing' which are the functions of management.

(v) (a) What is the capital of 'Sirilak Products' business as at 01st March 2020?
(b) Write **two** assets of 'Sirilak Products' business as at 01st March 2020.

(vi) Write the double entry with values to record the sales of the month of March 2020 of 'Sirilak Products' business.

(vii) (a) Write a prime entry book used in 'Sirilak Products' business.
(b) Write a transaction for the prime entry book, you mentioned in the above (vii) (a) extracting from the case.

(viii) Calculate the cost of a lunch box produced for the month of March 2020.

(ix) Calculate the net profit or loss of 'Sirilak Products' business for the month of March 2020.

(x) Write separately the total value of equity and the total value of liabilities of 'Sirilak Products' business as at 31st March 2020.

*(02 × 10 = 20 marks)*

01.

(i) (a) Foods *(01 mark)*

(b) By producing lunch boxes *(01 mark)*

(ii)

| Production factor | Example |
|---|---|
| 1. land | Arecanut leaves |
| 2. Capital | • Stock of processing, fixing and detergent materials<br>• money<br>• moulds of lunch boxes |

*(01X 2 = 02 marks)*

(iii)

**(a) <u>Sterngth</u>**

- Siri being a graduate of an environmental management
- Having a good financial strength of owners

**<u>Opportunities</u>**

- having a large arecanut state of father
- Deciding to prohibit the polythene and plastic lunch boxes by the government

***(½ × 2 = 01 mark)***

(b)

- Sirilack product business
- Super markets

***(½ × 2 = 01 mark)***

(iv) (a) Product • Lunch box

Price • Unit price Rs.200

• 10% trade discount

***(½ × 2 = 01 mark)***

b) Planning • deciding to produce lunch boxes

Organizing • recruiting required employees

• purchasing of moulds of lunch boxes

• Purchasing of processing, fixing and detergent materials

• employing a lorry to the business

***= 01 mark)*** ×

(v) (a) Rs.400 000

or

Rs.50 000 + Rs.50 000 + Rs.300 000 = Rs.400 000

***(01 mark)***

(b)

- Money
- Lorry

***(½ × 2 = 01 mark)***

(vi) Debtors a/c Dr. Rs. 108 000

Sales a/c Cr. Rs. 108 000 ***(02 marks)***

(vii) (a)
- Cash book
- General journal
- Sales Journal

***(01 X 01 =01 mark)***

(b) Cash book
- Investing capital Rs.100 000
- Cash purchases Rs. 18 000
- paying wages Rs. 50 000
- Purchasing moulds Rs. 30 000
- Fuel and maintenance expences Rs.20 000

General Journal
- Employing a lorry by Siri Rs. 300 000
- Accrued electricity bill Rs. 4 000
- Depreciation of moulds Rs. 1 000
- Depreciation of lorry Rs. 5 000

Sales Journal
- Credit sales Rs. 108 000

***(01 X 01 = 01 mark)***

| | | Rs. |
|---|---|---|
| (viii) | Material cost | 11 000 |
| | Wages | 20 000 |
| | electricity | 4 000 |
| | Depreciation of moulds | 1 000 |
| | Cost of production | 36 000 |

Cost of a lunch box $= \frac{36\,000 \; (½)}{600 \; (½)}$

= Rs. 60.00 (01)

**(02 Marks )**

Or

The Answer without considering the remaining stock of processing, fixing and detergent materials,

| | Rs. |
|---|---|
| material cost | 18 000 |
| wages | 20 000 |
| electricity | 4 000 |
| depreciation of moulds | 1 000 |
| Cost of production | 43 000 |

Cost of a lunch boxes = 43 000 (½) / 600 (½)

= Rs.71.66 (01)

*(02 Marks)*

(ix) Statement of calculation net profit

| | Rs. | Rs. |
|---|---|---|
| Sales | | 108 000 (½) |
| Cost of Production | 36 000 | (01) |
| driver's wages | 30 000 | |
| Fual and maintenance | 20 000 | |
| Depriciation of lorry | 5 000 | (91 000) |
| Next Profit | | 17 000 (½) |

*(02 Marks)*

Or

Statement of calculation net profit

| | Rs. | Rs. |
|---|---|---|
| Sales | | 108 000 (½) |
| Cost of Production | 43 000 | (01) |
| driver's wages | 30 000 | |
| Fual and maintenance | 20 000 | |
| Depriciation of lorry | 5 000 | (98 000) |
| Net Profit | | 10 000 (½) |
| | | *(02Marks)* |

(x)

Total equity as at 31.03.2020

Rs. 400 000 + Rs. 17 000 = Rs.417 000

Or

Rs. 400 000 + Rs. 10 000 = Rs. 410 000 ***(01 Mark)***

Total Liabilities as at 31.03.2020 = Rs. 4 000 ***(01 Mark)***

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 01 | (i) | (ii) | (iii) | (vi) | (v) | (vi) | (vii) | (viii) | (ix) | (x) | 20 |
| | 02 | 02 | 02 | 02 | 02 | 02 | 02 | 02 | 02 | 02 | 20 |

**Part I - Business Studies**

(Answer **two** questions only.)

(i) Write **two** characteristics of a sole proprietorship business. (02 *marks*)

(ii) State whether the following statements are **true** or **false**.

(a) While the human needs are limited, human wants are complexed.

(b) Business opportunities can be identified by studying the internal environment of a business.

(c) The building of a manufacturing business belongs to the production factor called land.

(d) According to the ownership, business organizations are classified as sole proprietorships and partnerships. (02 *marks*)

(iii) Following are two tasks done by Sudath studying in Grade 10.

1. Participating in a lesson of Business Studies via online
2. Playing guitar with sister

State the human need implied by each of above tasks and write how they have been fulfilled. (To provide the answers use a table similar to one given below.)

| Human need | The way it has been fulfilled |
|---|---|
| 1. | |
| 2. | |

(02 *marks*)

(iv) When Wickrama, the owner of 'Wikum Rubber Products' business, applied for a bank loan to expand his business to face the increasing demand, he got to know that the annual bank loan interest rate has been reduced by the government from 12% to 8%.

(a) What is the business environmental factor implied in the above case?

(b) Write **two** stakeholders of 'Wikum Rubber Products' business included in the above case.

(02 *marks*)

***(Total 08 marks)***

02. (i)

- Capital provided by a single person who is the owner
- Bearing Profit or losses alone
- Unlimited liability of the owner
- No legal personality / No legal entity
- No going concern / No continued existence
- No mandatory to register

***(1 X 2 = 02 marks)***

(ii)

(a) True

(b) False

(c) False

(d) Fales

***(1/2 X 04 = 02 marks)***

(iii)

| Human need | The way it has been fulfilled |
|---|---|
| 1. Education | Participating a lesson via online |
| 2. Entertainment | Playing guitar with sister |

***(1/2 X 04 = 02 marks)***

(iv) (a) Economic environment ***(01 mark)***

(b)

- Owner / Wickrama
- Government
- Banks / Financial institutes

***(1/2 X 02 = 01 marks)***

| | i | ii | | | | iii | | iv | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 02 | | a | b | c | d | 1 | 2 | a | b | 08 |
| | 02 | ½ | ½ | ½ | ½ | 01 | 01 | 01 | 01 | 08 |

3. (i) Write **two** factors that should be considered when writing a cheque. (02 *marks*)
(ii) State whether the following statements are **true** or **false**.
(a) Maintaining a bank account is not required to obtain a credit card or a debit card.
(b) Communication is not a single activity but a process comprised of some common elements.
(c) The right a party has to insure a life or a property is utmost good faith.
(d) The drawee of a cheque is always a current account holder. (02 *marks*)
(iii) The principal posted letters to all parents informing that a special meeting will be held at school at 3.00 p.m. on 27th March.
(a) Write **two** communication elements mentioned in the above case.
(b) Write an example for each communication element you mentioned in the above (iii) (a) extracting from the case. (02 *marks*)
(iv) Sarath a driver of an office transport bus, leaves Matara bus stand at 5.00 a.m. and drives along expressway to central bus stand Pettah daily. Having top up diesel to the bus at 'Pettah Fuel Station', he departs to Matara at 5.00 p.m. on the same day.
Write separately examples using the above case for each road, mode, power and terminal, the elements of transportation.
(02 *marks*)
***(Total 08 marks)***

03. (i)

- Writing the date accurately
- Writing the name of the payee clearly and accurately
- Writing the value accurately both in figures and letters
- Signing the cheque accurately by the drawer
- If there are any correction to be made on a cheque, those should be written clearly and be certified by the full signature of the drawer.
- Writing the relevant information on the cheques on the counter foil
- Not writing any thing on the MICR of the cheque
- Crossing appropriately

***(1 X 02 = 02 marks)***

(ii)

(a) False
(b) True
(c) False
(d) False

***(1/2 X 04 = 02 marks)***

(iii)

(a)
- Sender
- Message
- Mode
- Receiver

***(½ x 2 = 01 mark)***

(b)

- Sender - The Principal
- Message - Special meeting will be held in the school at 3.00 pm on 27th March
- mode - Written
- Receiver - Parents

***(½ x 2 = 01 mark)***

(iv)

- Road / way - Expressway
- mode - Bus
- Power - Diesel
- Terminal - Matara bus Station / pettah bus Station

***(½ x 4 = 02 marks)***

| | i | ii | | | | iii | | iv | |
|---|---|---|---|---|---|---|---|---|---|
| 03 | | a | b | c | d | a | b | | 08 |
| | 02 | ½ | ½ | ½ | ½ | 01 | 01 | 02 | 08 |

4. (i) Write **two** factors to be considered when selecting a source of investments. (02 *marks*)

(ii) State whether the following statements are **true** or **false**.

(a) The most important management function in the management process is leading.

(b) The different strategies used in a business to increase its sales are the promotion in the marketing mix.

(c) There is a direct relationship between risk and return of an investment.

(d) Treasury bills are issued to fulfil short term financing needs of incorporated companies. (02 *marks*)

(iii) The launching of 'Jack seed powder' produced by 'Amarasa Products' business was done successfully. Few steps followed for that are given below.

A - Deciding to make the packet of Jack seed powder in an environmental friendly manner

B - Granting a 2% discount on selling price, after analysing the sales reports of the first month

C - Recruiting sales employees for direct distributing activities

Write the function of management process and the variable in the marketing mix, mentioned in each of the above steps. (To provide the answers, use a table similar to one given below. The first step (A) has been done for you.)

| Step | Management Function | Variable of Marketing mix |
|---|---|---|
| A | Planning | Product |
| B | | |
| C | | |

(02 *marks*)

(iv) Ruwan invested his retirement gratuity of Rs. 500 000 in a fixed deposit and Nuwan invested his retirement gratuity of Rs. 500 000 in Colombo Stock Exchange. At the end of one year, Ruwan received Rs. 40 000 while Nuwan received Rs. 75 000 as returns.

(a) Write separately the terms used for the returns that Ruwan and Nuwan received in the above case.

(b) What is the reason that Nuwan having a higher return than Ruwan, though they have invested same amount for same period? (02 *marks*)

***(Total 08 marks)***

04. (i)

- The aim of the investment
- Risk of the investment
- Return of the investment

***(1 X 2 = 02 marks)***

(ii) (a) Fales

(b) True

(c) True

(d) False

***(1/2 X 4 = 02 marks)***

(iii)

| Step | Management Function | Variable of Marketing Mix |
|---|---|---|
| A | Planning | Product |
| B | Controlling | Price |
| C | Organizing | Place |

***(½ x 4 = 02 marks)***

(iv) (a) Ruwan's return - interest

Nuwan's return - dividends

***(½ x 2 = 01 mark)***

(b) The risk of investing in Colombo. Stock Exchange is higher than investing in a fixed deposit.

***(01 Mark)***

<table>
<tr><td rowspan="3">04</td><td>i</td><td colspan="4">ii</td><td>iii</td><td colspan="2">iv</td><td rowspan="3">08<br>—<br>08</td></tr>
<tr><td rowspan="2">02</td><td>a</td><td>b</td><td>c</td><td>d</td><td rowspan="2">02</td><td>a</td><td>b</td></tr>
<tr><td>½</td><td>½</td><td>½</td><td>½</td><td>01</td><td>01</td></tr>
</table>

## Part II - Accounting

(Answer **two** questions only.)

**5.** (i) Write **two** liability accounts in a ledger of a business. (02 *marks*)

(ii) Following are double entries of two transactions occurred in a business.

(a) Purchases account Dr. Rs. 20 000
Creditors' account Cr. Rs. 20 000

(b) Cash account Dr. Rs. 4 500
Discounts allowed account Dr. Rs. 500
Debtors' account Cr. Rs. 5 000

Write each transaction occurred above. (02 *marks*)

(iii) Following are the balances of all assets and liabilities of Chamara's business as at 01.01.2020.

Furniture .................................. Rs. 250 000
Stock of goods ........................... Rs. 140 000
Creditors.................................. Rs. 20 000
Bank loan.................................. Rs. 100 000
Cash....................................... Rs. 30 000

Some transactions occurred for the week ended 07.01.2020 are as follows.

1. Purchasing a stock of goods of Rs. 20 000 on credit.
2. Paying employee salaries of Rs. 3 000.
3. Selling a stock of goods for Rs. 50 000 in cash which cost Rs. 40 000.

**Required:**

(a) Indicating how the above transactions are affected on the accounting equation. (To provide the answers, use a format similar to one given below.)

| Transaction | Assets (Rs.) | | | = Equity (Rs.) | + Liabilities (Rs.) | |
|---|---|---|---|---|---|---|
| | Furniture + | Stock of goods + | Cash = | Equity | + Bank loan | + Creditors |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |

(b) Indicating the balances of the following items as at 07.01.2020 after the above transactions in the business.
(1) Cash (2) Equity (04 *marks*)

(iv) The cash transactions of Rahul's business for the month of December 2020 are given in the following table. Cash balance as at 01.12.2020 is Rs. 12 500.

| Date | Receipt No. | Voucher No. | Description | Amount (Rs.) |
|---|---|---|---|---|
| 02.12.2020 | 01 | - | Obtaining a bank loan | 50 000 |
| 05.12.2020 | - | 001 | Purchasing a stock of goods | 45 000 |
| 10.12.2020 | - | 002 | Paying rent | 1 500 |
| 15.12.2020 | 02 | - | Sales in cash | 25 000 |
| 20.12.2020 | 03 | - | Receiving cash from a debtor | 10 000 |
| 30.12.2020 | - | 003 | Paying employee wages | 30 000 |

**Required:**

Recording above transactions in the cash book of Rahul's business and balancing it as at 31.12.2020 (04 *marks*)

***(Total 12 marks)***

05.

(i) Creditor Account

Bank loan Account

Accrued expenses Account / Payable expenses account

***(1 X 2 = 02 Marks)***

(ii) (a) Purchasing goods of Rs. 20,000 on credit ***(01 Mark)***

(b)

- Received Rs. 4 500 from a debtor. discount allowed Rs. 500
- Receiving cash from a debtor of Rs. 5 000 subjected to 10% discount
- Received Rs. 4 500 from a debtor with a 10% discount
- Receiving Rs. 4 500 from a debtor by deducting Rs. 500 as a discount

***(1 X 1 = 01 Mark)***

(iii) (a)

| Transaction | Assets (Rs.) | | | Equity (Rs.) | Liabilities (Rs.) | | |
|---|---|---|---|---|---|---|---|
| | Furniture | + Stock of goods | + Cash | = Equity | + bank loan | + Creditors | |
| 1 | | + 20 000 | | | | +20 000 | ½ |
| 2 | | | - 3 000 | -3 000 | | | ½ |
| 3 | | -40 000 | +50 000 | +10 000 | | | 01 |

***(02 Marks)***

(b) 1 .Cash = Rs. 77 000 ***(01 Mark)***

2. Equity = Rs. 307 000 ***(01 Mark)***

(iv)

**Cash book**

| **Date** | **R.N** | **Description** | **L.F** | **Amount (Rs.)** | **Date** | **V.N** | **Description** | **L.F** | **Amount (Rs.)** |
|---|---|---|---|---|---|---|---|---|---|
| 2020/12/01 | | B/C/F | | 12 500 | 2020/12/05 | 001 | Purchases a/c | | 45 000 |
| 2020/12/02 | 01 | Bank loan a/c | | 50 000 | 2020/12/10 | 002 | rent a/c | | 1 500 |
| 2020/12/15 | 02 | sales a/c | | 25 000 | 2020/12/30 | 003 | wages a/c | | 30 000 |
| 2020/12/20 | 03 | Debtors a/c | | 10 000 | 2020/12/31 | | B/C/D | | 21 000 |
| | | | | 97 500 | | | | | 97 500 |
| 2021/01/01 | | B/C/F | | 21 000 | | | | | |

***(04 Marks)***

<table>
<tr><td rowspan="3">05</td><td rowspan="2">i</td><td rowspan="2">ii</td><td colspan="2">iii</td><td rowspan="2">iv</td><td rowspan="3">12<br>―――<br>12</td></tr>
<tr><td>a</td><td>b</td></tr>
<tr><td>02</td><td>02</td><td>02</td><td>02</td><td>04</td></tr>
</table>

**6.** (i) Write **two** functions of the cash book. (02 *marks*)

(ii) The production cost statement of a shoe manufacturing business prepared by an untrained accounts clerk for the month of September 2020 is as follows.

| | (Rs.) |
|---|---|
| Cost for leather | 30 000 |
| Wages of shoe maker | 15 000 |
| Factory rent | 30 000 |
| Advertisement | 10 000 |
| Cost of adhesives | 5 000 |
| Wages of distribution lorry driver | 10 000 |
| Total production cost | 100 000 |

- Number of pair of shoes produced were 200.

Calculate the Production cost of a pair of shoes. (02 *marks*)

(iii) The total of the debit and credit columns of the trial balance of Kasun's business as at 31.12.2020 did not tally. The reasons for the difference are as follows.

- Paid electricity charges of Rs. 7 000 has been correctly recorded in cash book, but it has been debited to electricity account as Rs. 700.
- The credit column of sales account is understated by Rs. 2 000.
- Machine repairing expenses of Rs. 15 000 has been debited to the machinery account.
- The balance of discounts received account Rs. 2 300 has not been extracted to the trial balance.

**Required:**

(a) Suspense account

(b) Mentioning the column where the balance of suspense account showed in the trial balance prepared as at 31.12.2020 (04 *marks*)

(iv) Following are the bank account and bank statement received from the bank of Sirimal's business for the month of December 2020.

**Bank Account**

| Date | Recpt. No. | Description | L/F | Amount (Rs.) | Date | V/N | Description | L/F | Amount (Rs.) |
|---|---|---|---|---|---|---|---|---|---|
| 01.12 | | Balance b/f | | 22 000 | 05.12 | | Purchases (812301) | | 20 000 |
| 08.12 | | Cheque deposit (711322) | | 15 500 | 10.12 | | Creditors (812302) | | 3 000 |
| | | | | | 16.12 | | Salaries (812303) | | 24 000 |
| 10.12 | | Cash deposit | | 25 000 | 26.12 | | Rent (812304) | | 5 000 |
| 28.12 | | Cheque deposit (100100) | | 12 000 | 31.12 | | Balance c/d | | 22 500 |
| | | | | 74 500 | | | | | 74 500 |

**Bank Statement**

| Date | Description | Dr (Rs.) | Cr (Rs.) | Balance (Rs.) |
|---|---|---|---|---|
| 01.12 | Balance b/f | | | 22 000 |
| 07.12 | Cheque (812301) | 20 000 | | 2 000 |
| 10.12 | Cheque deposit | | 15 500 | 17 500 |
| 10.12 | Cheque (812302) | 3 000 | | 14 500 |
| 10.12 | Cash | | 25 000 | 39 500 |
| 20.12 | Cheque (812303) | 24 000 | | 15 500 |
| 23.12 | Standing order (Insurance charges) | 2 000 | | 13 500 |
| 30.12 | Bank charges | 1 000 | | 12 500 |

6. (i)

- Function as a prime entry book
- Function as a ledger account

***(1 X 2 = 02 Marks)***

(ii) Production cost statement

| | | |
|---|---|---|
| **Prime cost** | | |
| Direct material - cost of lather | 30 000 | |
| Director labor - wages of shoe maker | 15 000 | |
| | | 45 000 |
| **Production overhead cost** | | |
| Rent | 5 000 | |
| Cost of adhesive | 30 000 | |
| | | 35 000 |
| Total production cost | | 80 000 |

Cost of a pair of sho = 80 000 (½) / 200 (½)

= Rs. 400 (01)

***(02 Marks)***

(iii) (a)

Suspense Account

| Date | Discription | L/F | Ammount (Rs.) | Date | Description | L/F | Ammount (Rs.) |
|---|---|---|---|---|---|---|---|
| | Deference of trial balance | | | | electricity | | 6 300 (01) |
| | Sales | | 2 000 (01) | | | | |
| | ……………… | | 2 300 (01) | | | | |
| | | | 6 300 | | | | 6 300 |

***(03 Marks)***

(b) In the debit column of the trial balance

***(01 Mark)***

(iv) (a)

- Cheques deposited but not realized Rs. 12 000 (10100)
- Cheques issued but not presented to the bank Rs. 5 000 (812304)
- Standing order which have not been entered in bank account in the business is Rs.2000
- Bank charges not recorded in the bank account Rs. 1 000

***(1/2 X 4 = 02 Marks)***

(b) Bank Account

| Date | Discription | L/F | Ammount (Rs.) | Date | Description | L/F | Ammount (Rs.) |
|---|---|---|---|---|---|---|---|
| | B/C/F | | 22 500 ½ | | Insurance charges | | 2 000 ½ |
| | | | | | Bank charges | | 1 000 ½ |
| | | | | | B/C/F | | 19 500 ½ |
| | | | 22 500 | | | | 22 500 |

***(02 Marks)***

| | | | | | | |
|---|---|---|---|---|---|---|
| 06 | i | ii | iii | iv | | 12 |
| | | | | a | b | 12 |
| | 02 | 02 | 04 | 02 | 02 | |

**Required:**

(a) Writing reasons for the difference between the balance of bank account and the balance of the bank statement of Sirimal's business as at 31.12.2020

(b) Adjusting the balance of bank account of Sirimal's business as at 31.12.2020 (04 *marks*)

***(Total 12 marks)***

**7.** (i) Write **two** differences between the receipt and payment account and income statement of a not for profit organization. (02 *marks*)

(ii) The members of Rantharu Children's society is 50. The monthly membership fee per member is Rs. 100. Transactions occurred during the year ended 31.12.2020 are as follows.

| | Rs. |
|---|---|
| The membership fee received during the year 2020 | 40 000 |
| Cash received from the sales of old news papers | 500 |
| Paying electricity bill | 12 000 |
| Paying for refreshment expenses | 1 500 |
| Paying for purchases of furniture | 100 000 |
| Paying other expenses | 2 500 |

- Furniture is depreciated at 10% annually.

Prepare the Income Statement of Rantharu Children's society for the year ended 31.12.2020 (02 *marks*)

(iii) The trial balance of Sithmina's trade business as at 31.12.2020 is as follows.

| | Debit (Rs.) | Credit (Rs.) |
|---|---|---|
| Stock as at 01.01.2020 | 28 000 | |
| Purchases | 350 000 | |
| Carriage inwards | 1 500 | |
| Sales | | 480 000 |
| Debtors | 37 000 | |
| Creditors | | 50 000 |
| Investments | 50 000 | |
| Electricity charges | 25 000 | |
| Cash balance | 40 000 | |
| Bank balance | | 12 000 |
| Discounts allowed | 1 200 | |
| Discounts received | | 2 700 |
| Land and buildings (at cost) | 400 000 | |
| Advertisement expenses | 20 000 | |
| 8% Bank loan | | 100 000 |
| Capital | | 308 000 |
| | 952 700 | 952 700 |

Additional information:

- Remaining Stock as at 31.12.2020 is Rs. 32 000.
- Rs. 2 000 was written off as bad debts from debtors as at 31.12.2020.
- Investment income receivable is Rs. 5 000.

**Required:**

(a) The Statement of Profit or Loss for the year ended 31.12.2020 (04 *marks*)

(b) The Statement of Financial Position as at 31.12.2020 (04 *marks*)

***(Total 12 marks)***

07.(i)

| Receipt and payment account | Income statement |
|---|---|
| • Record the cash receipt and payment<br>• Record all the cash receipt and payment during time period<br>• The balance Show the cash balance available at the end of the period<br>• prepared on cash basis<br>• Very much similar to the cash book | • Record income and expenses only<br>• Record income and expenses relevant to the period<br>• The balance represent either surplus or deficit<br>• Prepared on accrual basis<br>• Similar to profit or loss state |

***(1 X 2 = 02Marks)***

(ii) Rantharu Children's society

Income Statement

for the year ended 31st December 2020

| | Rs. | Rs. |
|---|---|---|
| **Income** | | |
| membership fee | 60 000 (½) | |
| Selling of old news papers | * 500 | |
| | | 60 500 |
| **Expences** | | |
| Electricity | * 12 000 | |
| refreshment expenses | * 1 500 | |
| Depreciation of furniture | ( ) | |
| Other expenses | * 2 500 | |
| | | (26 000) |
| Surplus | | 34 500 (½) |

- (4 * = ½ Mark)

***(02 Marks)***

(iii) (a)

Sithmina trade business
The statement of profit or loss
for the year ended 31st December 2020 (½)

| | Rs. | Rs. | | Rs. | Rs. |
|---|---|---|---|---|---|
| Stock as at 01/01/20 | | 28 000 | Sales | | 480 000 |
| Purchases | 350 000 | | | | |
| + carriage inwards | 1 500 | 351 500 | | | |
| Cost of goods to be sold | | 379 500 | | | |
| Stock as at 31/12/20 | | (32000) | (½) | | |
| Cost of sales | | 347 500 | (½) | | |
| Gross profit C/d | | 132 500 | (½) | | |
| | | 480 000 | | | 480 000 |
| **Distribution expenses** | | | Gross profit C/f | | 132 500 |
| | | | **Other income** | | |
| Bad debts | 2 000 (½) | | Investment income | 5 000 (½) | |
| Discount allowed | 20 000 | | Discount received | 2 700 | 7 700 |
| Advertisement expenses | 1 200 | 23 200 | | | |
| **Administration expenses** | 25 000 | 25 000 | | | |
| Electricity charges | | | | | |
| **Finance expenses** | | | | | |
| Bank loan interest | 8 000 (½) | 8 000 | | | |
| Net profit transfered to capital account | (½) | 84 000 | | | |
| | | 140 200 | | | 140 200 |

***(04 Marks)***

(b)

Sithmina trade business

The statement of financial position as at 31st December 2020 } (½)

| | Rs. | | | Rs. (½) | | |
|---|---|---|---|---|---|---|
| | (Rs.) | (Rs.) | | Cost (Rs.) | Acc. Dep. (Rs.) | carrying amount (Rs.) |
| Capital | | 308 000 | **Non current assets** | | | |
| + Net profit | (½) | 84 000 | | | | |
| | | 392 000 | Land and building | 400 000 | - | 400 000 |
| | | | | 400 000 | - | 400 000 |
| **Non current liabilities** | | | | | | |
| 8% bank loans | | 100 000 | | | | |
| | | | Investment | | | 50 000 |
| **Current liabilities** | | | **Current assets** | | | |
| Creditors | 50 000 | | | | | |
| Accrued bank loan interest | 8 000 (½) | | Stock 31/12/20 | | 32 000 (½) | |
| Bank over draft | 12 000 (½) | 70 000 | Debtors | | 35 000 (½) | |
| | | | Investment income receivable | | 5 000 (½) | |
| | | | Cash | | 40 000 | 112 000 |
| | | 562 000 | | | | 562 000 |

***(04 Marks)***

(iii) (a)

Sithmina trade business
for the year ended 31st December 2020
The statement of profit or loss (½)

| | Rs. | Rs. | Rs. |
|---|---|---|---|
| Sales | | | 480 000 |
| **Less:Cost of sales** | | | |
| Stock as at 01.01.2020 | | 28 000 | |
| Purchases | | 350 000 | |
| Carriage inwards | | 1 500 | |
| Cost of goods to be sold | | 379 500 | |
| Less: stock as at 31.12.2020 | | (32 000) (½) | (347 500) (½) |
| Gross Profit | | | 132 500 (½) |
| **Other income** | | | |
| Investment income | | 5 000 (½) | |
| Discount received | | 2 700 | 7 700 |
| | | | 140 200 |
| **Distribution expenses** | | | |
| Bad debts. | 2 000 (½) | | |
| Discount allowed | 1 200 | | |
| advertising expense | 20 000 | 23 200 | |
| **Administration expenses** | | | |
| Electricity charges | 25 000 | 25 000 | |
| **Financial expenses** | | | |
| Bank loan interest | 8 000 (½) | 8000 | (56 200) |
| Net profit transfered to capital a/c | (½) | | 84 000 |

***(04 marks)***

(b Sithmina trade business

for the year ended 31st December 2020 ½

The statement of profit or loss ½

| | Cost Rs. | Acc.dep. Rs. | Carrying amount (Rs) |
|---|---|---|---|
| **Non current Assets** | | | |
| Land and Building | 400 000 | | 400 000 |
| | 400 000 | | 400 000 |
| Investment | | | 50 000 |
| **Current Assets** | | | |
| Stock as at 31.12.2020 | | 32 000 ½ | |
| Debtors | | 35 000 ½ | |
| Receivable investment income | | 5000 ½ | |
| Cash | | 40 000 | 112 000 |
| Total Assets | | | 562 000 |
| Capital | | 308 000 | |
| + Plus: Net profit ½ | | 84 000 | |
| | | | 392 000 |
| **Non current liabilities** | | | |
| 8 % Bank loan | | | 100 000 |
| **Current Liabilities** | | | |
| Creditors | | 50 000 | |
| Accrued. Bank loan interest | | 8 000 ½ | |
| Bank over draft | | 12 000 ½ | 70 000 |
| Total equity and liabilities | | | **562 000** |

***(04 marks )***

| | | | | | | |
|---|---|---|---|---|---|---|
| 07. | (i) | | (ii) | (iii) | | |
| | 02 | | 02 | a | b | 12 |
| | 01 | 01 | 02 | 04 | 04 | 12 |